

Item 5 – FY 2024 District Water Production Fee Schedule

Committee Members

Jayson Barfknecht – Chair

Jeff Kennedy

Chris Zeig

The Budget/Finance Committee met Wednesday, October 4, 2023 developed a recommendation for the FY 2024 District Water Production Fee Schedule for board consideration and approval. The Board was provided with committee recommendations during the October 12, 2023 Regular Board meeting.

The current fee schedule is:

Agricultural	\$0.1875/ac-ft
Steam Electric	\$0.2941/ac-ft
Municipal/PWS	\$0.04625/1000 gallons produced
All other non-exempt	\$0.04625/1000 gallons produced
Export	Export fee rate is \$0.17/1000 gallons exported minus the applicable production fee on all metered production

The Budget/Finance Committee members discussed the fact that the District will likely run a deficit budget this year and next with outflows exceeding fee collection. This is a direct result of expenses incurred from an unexpected surge in permit applications requiring hydrogeological reports, a future export project and the need to perform an unforeseen groundwater/surface water interaction study.

The members expressed a desire for the Board to consider a water production fee rate increase to close the gap between income and expenses. There is a period of time between water production from an export project coming on line and the collection of fees associated with project which creates the budget shortfall. Once production begins, fees associated with the production should quickly offset the need for a continuation of the fee increase.

Table 1 serves as a guide to what the current adopted fee rates are and what the maximum that can be charged in FY 2024. The last column shows the amount of fee collection for each category in FY 2023.

Table 1

Fee Category	FY 2023 – Adopted Fees	FY 2024 – Maximum Fees Chargeable	Income by Category
Agricultural	\$0.1875/ac-ft	\$0.37/ac-ft produced or permitted	\$19,402.54
Steam Electric	\$0.2941/ac-ft	\$0.37/ac-ft produced	\$1,849.07
All Others (Municipal, RPWS/Ind./Comm.)	\$0.04625/1000 gals. produced	\$0.0629/1000 gals. produced	\$784,049.83
Export	\$0.12375/1000 gals. exported	\$0.20/1000 gals. exported	\$0.00
Total Water Fee Income			\$805,301.44
Total 2023 Budget Expenses (Est.)			\$872,864.64
2023 Estimated Deficit			\$67,563.20

Water Production Fees

Table 2 uses estimated water production for FY 2022 and compares three fee levels.

- Current fee rates (no increase)
- Increase of \$0.005/1000 gals.
- Increase of \$0.01/1000 gals.

Table 2

Estimated 2023 Production (gallons)	Est. 2024 Revenue	\$.005 increase \$0.05125	\$.01 increase \$0.05625
6,166,998,000	\$ 285,223.66	\$ 316,058.65	\$ 346,893.64
5,354,026,731	\$ 247,623.74	\$ 274,393.87	\$ 301,164.00
1,816,976,900	\$ 84,035.18	\$ 93,120.07	\$ 102,204.95
811,804,596	\$ 37,545.96	\$ 41,604.99	\$ 45,664.01
532,394,000	\$ 24,623.22	\$ 27,285.19	\$ 29,947.16
458,168,000	\$ 21,190.27	\$ 23,481.11	\$ 25,771.95
311,217,852	\$ 14,393.83	\$ 15,949.91	\$ 17,506.00
201,917,800	\$ 9,338.70	\$ 10,348.29	\$ 11,357.88
146,870,000	\$ 6,792.74	\$ 7,527.09	\$ 8,261.44
96,247,760	\$ 4,451.46	\$ 4,932.70	\$ 5,413.94
78,313,000	\$ 3,621.98	\$ 4,013.54	\$ 4,405.11
50,657,000	\$ 2,342.89	\$ 2,596.17	\$ 2,849.46
47,553,000	\$ 2,199.33	\$ 2,437.09	\$ 2,674.86
44,627,984	\$ 2,064.04	\$ 2,287.18	\$ 2,510.32
36,368,191	\$ 1,682.03	\$ 1,863.87	\$ 2,045.71
1,635,815,681	\$ 1,476.42	\$ 1,476.42	\$ 1,476.42
17,789,956,495	\$ 748,605.43	\$ 829,376.14	\$ 910,146.84
Above 16 Permittees	\$ 748,605.43	\$ 829,376.14	\$ 910,146.84
BRAA fees	\$ 17,792.11	\$ 17,792.11	\$ 17,792.11
Renewal fees	\$ 8,500.00	\$ 8,500.00	\$ 8,500.00
Metered Agr. Pumping	\$ 2,500.00	\$ 2,500.00	\$ 2,500.00
	\$ 777,397.54	\$ 858,168.25	\$ 938,938.95

Export Fee

The current export fee adopted for FY 2023 is \$0.12375/1000 gallons exported. The District enabling act allows the District to impose a reasonable fee or surcharge for an export fee using one of the following methods:

- (1) a fee negotiated between the district and the transporter; or
- (2) a combined production and export fee not to exceed 17 cents for each thousand gallons for water used.

The District chose to use method #2 and assessed the full \$0.17/1000 gallons maximum fee. With the passage of HB 3059 during the 88th Legislative Session, districts are now allowed to charge up to \$0.20/1000 gallons exported. This is a separate fee from the water production fee.

During the September 14, 2023 Rules Hearing, the Board adopted the following language from TWC 36.122(e)(3) and 36.122(e-1):

- (e)(3) for a fee-based district, a rate not to exceed the greater of 20 cents for each thousand gallons or a 50 percent surcharge, in addition to the district's production fee, for water exported from the district; and
- (e-1) Effective January 1, 2024, the maximum allowable rate a district may impose for an export fee or surcharge under Subsection (e)(2) or (e)(3) increases by three percent each calendar year.

Adopted language in the District Rules reads:

RULE 9.1. WATER USE FEES

- (c) The District may impose a reasonable fee or surcharge for an export fee using one of the following methods, after a public hearing:
- (1) a fee negotiated between the District and the transporter; or
 - (2) a rate not to exceed 20 cents for each thousand gallons, in addition to the District's production fee.
- (A) The maximum allowable rate the District may impose for an export fee or surcharge under (2) above, increases by three percent each calendar year.

It is the recommendation of the General Manager to adopt the FY 2024 District Water Production Fee Schedule increasing the water production fee rate for Municipal, Rural Public Water Supply and all other non-exempt permits from \$0.04625/1000 gallons produced to \$0.05125/1000 gallons, no changes to currently adopted agricultural and steam electric water production fee rates and setting the export fee at \$0.20/1000 gallons exported.



**A RESOLUTION OF THE
BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT
ADOPTING ITS 2024 FEE SCHEDULE
No. 11-16-23.5**

WHEREAS, the Brazos Valley Groundwater Conservation District (“District”) is charged by the Texas Legislature with providing for the conservation, preservation, protection, and prevention of waste of groundwater, and of groundwater resources in Brazos and Robertson counties, Texas, under §36.0015, Tex. Water Code;

WHEREAS, the District is authorized to make and enforce fair and impartial rules to manage groundwater resources as scientifically necessary to conserve and protect groundwater resources in the area under §36.101, Tex. Water Code;

WHEREAS, pursuant to the District’s Enabling Act, adopted in 2001 by the Texas Legislature and codified in Chapter 8835, Texas Special District Local Laws Code, and District Rule 9.1, the District may impose a reasonable production fee on each District-permitted well, as well as an export fee on applicable wells, within the legal limits.

WHEREAS, the District’s Enabling Act authorized an initial production fee of \$0.25/acre-foot for agricultural use or steam electric stations, and \$0.0425 for each thousand gallons for all other water uses. The initial fee is authorized to be increased at a cumulative rate not to exceed three percent for each year, allowing for a maximum 2024 rate of \$0.37/acre-foot for agricultural and steam electric uses, \$0.0629 for each thousand gallons for all other water uses, and an export fee rate of **\$0.20/1000 gallons exported**.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT THAT

The District adopts the attached Fee Schedule for 2024.

PASSED AND APPROVED this the 16th day of November 2023.

BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT

Stephen Cast, President Date

Jeff Kennedy, Secretary Date



BRAZOS VALLEY GROUNDWATER CONSERVATION DISTRICT

2024 FEE SCHEDULE

Production Fees

Public/Municipal/RWPS Non-Exempt	\$0.05125/1000 gals.	All Metered Production
All Other Non-Exempt	\$0.05125/1000 gals.	All Metered Production
Agriculture Use	\$0.1875/ acre-foot	All Metered Production or Annual Permitted Production*
Steam Electric Generation	\$0.2941/acre-foot	All Metered Production
Export Fee	\$0.20/1000 gals. exported	Applies to Transport Permits

Application Fees

Operating	\$100.00	Per Application
Drilling/Operating	\$100.00	Per Application
Amendment	\$100.00	Per Application
Transport	\$100.00	Per Application

Other Fees

Staff Time	\$50.00	Per Hour
Returned Check Fee	\$25.00	
Copies	\$.10/copy	
Mailings	Postage	
Recording of Board Meeting on CD	\$5.00	Per CD

* If the well permitted for agricultural use is metered, then the permittee shall pay the fee based on the total annual metered groundwater production, as verified by the District. If the well permitted for agricultural use is not metered, then the permittee shall pay the fee based on the permitted annual production amount.